



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

AUG 13 1995

IN REPLY
REFER TO

AQO

MEMORANDUM FOR COMMANDERS, DCMC CONTRACT ADMINISTRATION
OFFICES (CAOs)

SUBJECT: NASA Involvement in the Single Process Initiative (SPI)

To facilitate the NASA/DoDSPI partnership, Mr. Goldin, NASA Administrator, recently issued implementing guidance expressing his enthusiastic support for SPI and intent to cooperate with DCMC in the implementation process (attachment 1). Since this time, we have been involved in SPI meetings at NASA Headquarters and their Space Flight Centers. NASA has requested that they be involved in the concept paper **development/review** phase at the earliest practical time to ensure sufficient coordination throughout the NASA organization within specified timeframes.

Our implementing guidance stresses the importance of early customer notification and involvement in processing contractors' concept papers. It also provides that key customers (notionally those comprising 80% of the **unliquidated** contract value) serve on the management council. In view of the high interest expressed by NASA, CAOs should consider NASA a key customer regardless of NASA's contract(s) value. When a concept paper is received identifying NASA as a customer, the CAO should immediately furnish a copy of the concept paper to the designated NASA Space Flight Center SPI focal points (attachment 2) and invite them to be members of the management council.

NASA has also issued a set of questions and answers which were developed since their initial guidance (attachment 3). For your information, we will now include NASA implementation activity in our quarterly reports to Dr. Kaminski, Under Secretary of Defense for Acquisition and Technology and other DoD Principals.

Please direct any questions to Mr. Jim Bauer at (703) 767-2471 or DSN 427-2471.

ROBERT W. DREWES
Major General, USAF
Commander

Attachments

cc:
NASA

National Aeronautics and
Space Administration

Office of the Administrator
Washington, DC 20546 -0001



TO: Officials-in-Charge of Headquarters Offices
Directors, NASA Field Installations
Director, Jet Propulsion Laboratory

FROM: A/Administrator

SUBJECT: Acquisition Reform: Single Process/Block Changes

New cost-savings opportunities are emerging in acquisition reform by partnering with the Department of Defense (DoD). The Single Process/Block Change initiative was conceived by the Government Industry Quality Liaison Panel, cochaired by the NASA Office of Safety and Mission Assurance, and was endorsed by the Secretary of Defense. The thrust of the initiative is to enable contractors to propose single processes that would meet the needs of multiple Government customers. This would eliminate duplicative contractor systems and processes imposed by each customer's requirements. This initiative is expected to reduce contractor costs, improve process efficiencies, reduce product costs, and improve product quality. It is a win-win proposition for the Government and contractors. It could yield high dividends for both NASA and DoD.

The Defense Contract Management Command (DCMC) is facilitating this initiative at each contractor facility by working with contractor and Government representatives in identifying potential single processes. NASA will cooperate with DCMC for the development and acceptance of single processes wherever possible. Once the principals agree to the single processes, DCMC is authorized to issue a contract modification implementing the block change to all affected contracts. This concept has proven to be very effective at several DoD reinvention laboratory sites. Significant operational improvements and cost reductions can be achieved by this initiative, including savings to the Government on current contracts.

To facilitate the partnership with DoD, I am designating the **Office** of the Chief Engineer as the Agency lead for this initiative. Enclosed are Implementation Guidelines **to be** used during the implementation process. I strongly encourage you to share my enthusiastic support of this initiative. If you have any contracts questions, call Kenneth **A. Sateriale** at 202-358-0491. Quality-systems-related questions should be addressed to Carl Schneider at 202-358-0913.

A handwritten signature in black ink that reads "Daniel S. Goldin".

Daniel S. Goldin

Enclosure

Officials-in-Charge of Headquarters Offices:

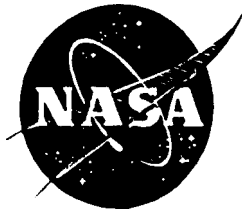
AI/Gen. Dailey
AT/Mr. Mott
AE/Dr. Mulville
AO/Mr. West
AS/Dr. Cordova
B/Mr. Holz
C/Mr. Christensen
E/Mr. Reese (Acting)
F/Gen. Armstrong
G/Mr. Frankle
H/Ms. Lee
I/Mr. Schumacher
J/Ms. Cooper
K/Mr. Thomas
L/Mr. Lawrence
M/Mr. Trafton
O/Dr. Lundy (Acting)
P/Ms. Boeder
Q/Mr. Gregory
R/Dr. Whitehead
S/Dr. Huntress
U/Dr. Nicogossian (Acting)
W/Ms. Gross
X/Dr. Mansfield
Y/Dr. Kernel
Z/Mr. Ladwig

Directors.-NASA Field Installations:

ARC/Dr. McDonald
DFRC/Mr. Szalai
GSFC/Mr. Rothenberg
JSC/Mr. Abbey
KSC/Mr. Honeycutt
LaRC/Mr. Holloway
LeRC/Mr. Campbell
MSFC/Dr. Littles
SSC/Mr. Estess

Director, Jet Propulsion Laboratory:

Dr. Stone



May 17, 1996

SINGLE PROCESS/BLOCK CHANGE IMPLEMENTATION GUIDELINES

1. NASA's goal will be the elimination of unique processes/systems that are imposed on contractors shared with DoD or other Federal agencies, unless they are essential to ensure mission safety and reliability.
2. Each NASA Center Director will designate a focal point for implementing this initiative. The focal point is responsible for ensuring that all proposed block changes to Center acquisitions are considered and evaluated consistently. All contractor systems and processes are candidates for this initiative if efficiencies can be gained.
3. For each project/program, the cognizant NASA Contracting Officer (CO), with the Program Manager, will review each proposed block change for approval. No higher level of approval is necessary, unless the affected process is required by a NASA Management Instruction or the NASA FAR Supplement. CO approval, and any delegations deemed necessary, will be conveyed to the DCMC for their implementation within a contract block change. Any nonapproval must be reviewed by the Center Director.
4. Process improvements and resulting cost savings will be defined and quantified. NASA will receive consideration or share savings where savings are significant on NASA contracts.
5. Where numerous contract changes result from this initiative, they will be negotiated in a block change format.
6. Status reports will be provided by the Centers to the Office of Procurement, Analysis Division, on a quarterly basis. The report will describe the processes/systems changes made and cost savings anticipated.



As of: 8-5-9

**NASA Points of Contact for
Single Process/Block Change Initiative**

<u>CENTER</u>	<u>NAME</u>	<u>PHONE #</u>	<u>FAX #</u>	<u>E-MAIL</u>
ARC	CONNIE CUNNINGHAM	415-604-5821	415-604-4646	Connie_Cunningham@qmgate.arc.nasa.gov
DFRC	JOE RAMOS, III RUSSEL DAVIS (ALT)	805-258-3106 805-258-3326	805-258-2298 805-258-2904	joe_ramos@qmgate.dfrc.nasa.gov russ_davis@qmgate.dfrc.nasa.gov
GSFC	JOHN OBERRIGHT	301-286-9653	301-286-1700	John.E.Oberright.1@gsfc.nasa.gov
JPL	SANFORD JONE\$JPL) THOMAS SAURET (NASA)	818-354-6717 818-354-5359	818-393-4699 818-393-2607	sanford.g.jones@ccmail.jpl.nasa.gov Thomas.E.Sauret@jpl.nasa.gov
JSC	BRIAN DUFFY	713-483-6050	713-483-2200	brian.duffyl@jsc.nasa.gov
KSC	LLOYD CHAMBERLAIN DAVID WANSLEY	407-867-4158 407-867-7217	407-867-3583 407-867-3661	lloyd.chamberlain-1@kmail.ksc.nasa.gov David.Wansley-1@kmail.ksc.nasa.gov
LARC	WILLIAM M. PILAND SHARON A. HARPER	757-864-4111 757-864-2474	757-864-6117 757-864-6131	W.M.Piland@larc.nasa.gov S.A.Harper@larc.nasa.gov
LERC	ROBERT M. JABO	216-433-2342	216-433-5270	Robert.M.Jabo@lerc.nasa.gov
MSFC	JIM EHL CHARLES E. HENKE	205-544-0043 205-544-0253	205-544-2053 205-544-9344	jim.ehl@msfc.nasa.gov ed.henke@msfc.nasa.gov
SSC	JIM WASHINGTON	601-688-1788	601-688-3701	jwashing@wpogate.ssc.nasa.gov
HEADQUARTERS				
	DAN MULVILLE	202-358-1823	202-358-3296	Daniel.Mulville@admingw.hq.nasa.gov
	CARL SCHNEIDER	202-358-0913	202-358-3104	carl.schneider@hq.nasa.gov
	KEN SATERIALE	202-358-0491	202-358-3083	ksateria@proc.hq.nasa.gov

TO: Officials-in-Charge of Headquarters Offices August 9, 1996
Directors, NASA Field Installations
Director, Jet Propulsion Laboratory

FROM: AE/Chief Engineer

SUBJECT: Single Process/Block Changes: Questions and Answers

In the Administrator's letter of May 17, 1996, the Single Processes Initiative/Block Changes (SPI) was introduced and enthusiastically endorsed, and the Office of the Chief Engineer was designated to lead the SPI implementation. Enclosed is a set of questions and answers which have developed since the May 17 letter was issued. I hope that you find them useful. If you have any questions, call Ken Sateriale at 202-358-0491.

ORIGINAL SIGNED BY

Daniel R. Mulville

Enclosure

Officials-in-Charge of Headquarters Offices:

AI/Gen. Dailey
AT/Mr. Mott
AE/Dr. Mulville
AO/Mr. West
AS/Dr. Cordova
B/Mr. Holz
C/Mr. Christensen
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MSFC/Dr. Littles
SSC/Mr. Estess

Director, Jet Propulsion Laboratory:

Dr. Stone

SPI QUESTIONS AND ANSWERS

1. What is NASA's role in the SPI?

Partnership. SPI is a DoD initiative, being led by the DCMC. DCMC will include us in their deliberations, and consider our input. A consensus decision will be made on accepting any proposed SPI, and NASA will cooperate in implementing that decision, as long as safety and mission assurance are not compromised,

2. Why is NASA participating in the SPI?

Three reasons, First, NASA is committed to saving money for the taxpayer, Second, NASA and DoD through their partnership in the Aeronautics and Astronautics Coordinating Board are continually searching for ways to eliminate redundancies, and increase efficiencies. Third, SPI appears to be good common sense.

3. Is it worth proposing SPIs that require changes to existing laws or regulations?

Definitely, The political climate is now ideal for innovation, with both parties strongly supporting acquisition reform. The only criteria for submitting SPI proposals are: will it lead to cost savings, and is it a good way of doing business?

4. Are there any particular areas in which NASA has a special interest in SPI?

The areas of cost/schedule/earned value reporting, and quality audits and inspections are very costly. If any improvements in those areas could lead to savings while ensuring safety and quality, NASA would be delighted.

5. Can there be more than one NASA representative at an SPI Management Council?

Possibly, but preferably not, The DoD SPI process calls for a single representative from each affected DoD component (e.g. Army, Navy, etc.), to serve as a component team leader, Since NASA is not planning to designate a component team leader equivalent who would make a NASAwide determination on the acceptability of a proposed single process, a representative of the NASA lead Center should represent all affected NASA contracts, If more than one lead Center is involved, then every effort should be made between the Centers to coordinate their review of the proposed SPI through a single representative,

6. What is the role of NASA Headquarters in the SPI initiative?

NASA Headquarters will establish the top level process flow, set and clarify implementation guidelines, help to resolve any inter-Center concerns, and provide any necessary help to DCMCHQ in the effecting of a smooth implementation of the SPI. Furthermore, NASA Headquarters will monitor SPIs for trends, looking both to identify any out-of-date Agency policies, and to "grade the path" for change.

7. The Administrator's letter of May 17, 1996 included SPI Implementation Guidelines which require that each NASA Center Director designate a focal point for implementing SPI. What are the duties of a focal point?

The Center focal point: acts as the liaison between the DCMC organizational units and the NASA affected project offices for all Centers for which his Center has been designated as lead; receives the SPI concept papers; ensures that the SPI concept paper is reviewed by the appropriate personnel; serves as a member or designates a member to serve on the DoD Management Council evaluating the concept paper; coordinates with other NASA Centers as appropriate; assures a timely response to DCMC; and, reports SPI activities to NASA Headquarters as required.

8. How should SPIs which affect subcontractors be handled?

If the Government has relieved the prime contractor of a requirement, then the prime contractor may pass down that relief to the subcontractor(s). If the requirement being considered under a proposed SPI did not originate with the Government, but with the prime contractor, then the prime contractor may change subcontract requirements at their own discretion. Indeed, prime contractors should be encouraged to facilitate SPIs in their subcontracts. However, as there is no privity of contract between the Government and the subcontractors, the Government may not directly relieve subcontractors of their contract requirements. Furthermore, while the Government may consent to the prime contractor's approval of a subcontractor SPI, a caveat to the prime contractor should be made that the consent in no way relieves the prime contractor of any of its responsibilities under its contract with the Government.

9. In some cases, NASA is the major customer at a contractor's facility. Should NASA manage the SPI process in such instances?

Not necessarily, DoD has made available considerable resources who are focused on expeditious processing of SPI concept papers. They are trained in the process, and there is no need for NASA to duplicate DoD activity. If NASA is the only customer, and there is no DCMC presence, then NASA will manage the SPI approval process.

10. Can the Government expect to obtain consideration from the contractors for the implementation of NASA SPI?

Perhaps. The primary goal of SPI is to drive down costs over the long run. To obtain the full potential benefit of those savings, it is necessary to implement SPI immediately on existing active contracts. In many cases, the cost of implementation of an SPI will offset any short term savings on those contracts. In some cases, however, there may be immediate savings. The focus should be on the overall benefits to us, not just on whether there is an immediate cost savings.

11. How should consideration be evaluated, and obtained?

If the affected contracts are cost reimbursable, and the SPI savings are related only to indirect costs, then no consideration need be obtained; the Government will realize its share of the savings from lower actual indirect costs. If, on the other hand, the SPI savings are related to direct costs on cost reimbursable contracts, or any costs on fixed price contracts, then the issue of consideration should be evaluated. Consideration need not necessarily be monetary. Consideration may take the form of a more desirable delivery schedule, or incorporation of desired engineering change proposals, for instance.

12. Who will evaluate and obtain consideration, when warranted?

The acceptability of consideration is the responsibility of the cognizant contracting officer for each affected contract. In most cases, DCMC will be managing the SPI implementation process, and will perform the estimate of the total savings to all affected Government contracts, apportion the savings to those contracts, and, after having obtained the concurrence of the cognizant NASA CO, negotiate consideration with the contractor.

13. Can the DCMC ACO modify a NASA contract as part of an SPI block change?

Yes, after obtaining the written concurrence of the cognizant NASA CO(s).

14. Will consideration from the contractor, if applicable, be included in the ACO block change?

Not necessarily. Consideration may be obtained in a subsequent modification.

15. Does the NASA CO need to delegate formally that authority to modify a NASA contract as part of an SPI block change?

No. The May 17, 1996 letter from the NASA Administrator which stated that: "Once the principals agree to the single processes, DCMC is authorized to issue a contract modification implementing the block change to all affected contracts." However, the ACO must first obtain the written concurrence of the NASA CO(s).

16. How does the SPI relate to acquisition streamlining?

SPI originated with the Government-industry Quality Liaison Panel, which was awarded a National Performance Review Hammer Award for its work. SPI also is consistent with the draft revision to Office of Management and Budget Circular A-119, Federal Participation in the Development and Use of Voluntary standards,

17. Where can interested parties obtain more information on SPI?

The DCMC homepage will be used to show status, progress, changes, points of contact, etc. See:
<http://www.dcmc.dcrb.dla.mil>

N.B. Additional questions were being received at the time of the distribution of this letter. A subsequent letter of questions and answers is being prepared.